ANNUAL REPORT 1964

Canada Iron

DIRECTORS

D. W. AMBRIDGE,
Chairman of the Board, Abitibi Power & Paper Co. Ltd., Toronto, Ont.

HON. F. PHILIPPE BRAIS, Q.C.,
Partner, Brais, Campbell, Pepper & Durand, Montreal, P.Q.

C. W. CARRY,
Vice-President, Canada Iron Foundries, Limited, Edmonton, Alta.

ROSS CLARKSON,*
Honorary Chairman of the Board, The Royal Trust Company, Montreal, P.Q.

J. S. DINNICK,
President, McLeod, Young, Weir & Co. Ltd., Toronto, Ont.

C. L. GUNDY,
President, Wood, Gundy & Co. Ltd., Toronto, Ont.

SIDNEY HOGG,*
Vice-President, Canada Iron Foundries, Limited, Vancouver, B.C.

J. G. KIRKPATRICK, Q.C.,*
Partner, Howard, Cate, Ogilvy, Bishop, Cope, Porteous & Hansard, Montreal, P.Q.

H. J. LANG,*
President, Canada Iron Foundries, Limited, Montreal, P.Q.

M. W. MACKENZIE,*
Chairman of the Board, Chemcell (1963) Limited, Montreal, P.Q.

A. D. McCALL,
President, Drummond, McCall & Co. Ltd., Lachine, P.Q.

H. E. McKEEN,*
Vice-President, Canada Iron Foundries, Limited, Montreal, P.Q.

T. F. RAHILLY,*
Chairman of the Board, Canada Iron Foundries, Limited, Toronto, Ont.

F. A. SHERMAN,
Chairman of the Board, Dominion Foundries & Steel Ltd., Hamilton, Ont.

*Member of Executive Committee

OFFICERS

T. F. RAHILLY,
Chairman of the Board

H. J. LANG,
President

ROSS CLARKSON,
Vice-President

H. E. McKEEN,
Vice-President

S. HOGG,
Vice-President

R. K. CARTY,
Executive Vice-President, Finance†

R. J. BAILIE,
Executive Vice-President, Operations†

P. M. DRAPER,
Vice-President, Administration and Secretary†

F. E. MILLER,
Vice-President, Development†

W. D. MONCUR,
Treasurer†

C. W. CARRY,
Vice-President and General Manager, Prairie Structural Division

D. J. LaFONTAINE,
Vice-President and General Manager, Mechanical Division

M. A. LEISHMAN,
Vice-President and General Manager, Eastern Structural Division

R. LYLE,
Vice-President and General Manager, Pipe Division

G. D. TURNBULL,
Vice-President and General Manager, Foundry Division

C. M. THOMSON,
Vice-President and General Manager, Railway & Power Engineering Corporation, Limited

†Effective March 1, 1965

Canada Iron

Annual Report for the year ended December 31, 1964

The forty-ninth annual general meeting of Shareholders will be held at the Head Office of the Company, 1121 Place Ville Marie, Montreal, P.Q., on the 25th March, 1965, at 11.00 o'clock in the forenoon. Shareholders will receive a formal notice of the meeting and a proxy form prior to the above date.

CANADA IRON FOUNDRIES, LIMITED
1121 Place Ville Marie, Montreal 2, Quebec

HIGHLIGHTS

	1964	1963
Sales	$112,402,000	$100,279,000
Net Earnings	3,536,276	1,896,605
Bank Advances and Funded Debt	18,974,604	17,459,882
Net Working Capital	15,016,837	18,814,150
Capital Expenditures	6,876,000	4,002,553
Depreciation	2,874,391	2,289,612
Shareholders' Equity	30,486,669	28,670,230
Per Common Share (in dollars)		
Net Earnings	4.15	2.11
Cash Flow	7.89	5.04
Dividends	1.25	1.00
Book Value	32.89	30.11
Net Earnings as % of:		
Sales	3.15	1.89
Shareholders' Equity	11.24	6.62

DIRECTORS' REPORT TO THE SHAREHOLDERS

Further growth and much higher earnings were achieved by Canada Iron in 1964. A 12% rise in sales over the previous year resulted in the highest volume in the company's history. Net profit was nearly double last year's figure and a great improvement over the average in recent years. The two quarterly common share dividends of 37 1/2¢ each paid in the second half of the year were an increase of fifty percent over the rate which had been in effect since mid-1960.

Some significant changes in sales patterns have taken place in the recent past as illustrated by the charts on page 15 following this report. The disappearance of the cast iron railway car wheel market due to product obsolescence, and the discontinuance of certain unprofitable operations in heavy iron castings and structural steel fabrication in some areas, accounted for a drop of approximately $20,000,000 in annual sales. Growth in other products, however, was more than sufficient to overcome the substantial reduction and, as noted, brought an over-all increase in total volume. The company's sales volume conforms closely to changes in the level of Canadian expenditures for industrial capital equipment and forward planning is keyed on the projections for these purchases. The current backlog of large capital appropriations throughout the country and surveys of anticipated spending point to a continued strong advance in this area.

Improved profit margins have been achieved as the result of accelerated upgrading of production facilities and techniques together with aggressive marketing of new products. Net profits expressed in terms of earnings per common share after payment of preferred dividends amounted to $4.15 compared with $2.11 in 1963 and an average of $1.72 over the five-year period 1959 - 1963.

The current well-distributed backlog of orders is in excess of $50,000,000 and estimates of markets indicate a further 10% increase in sales for 1965. Continued emphasis on product profitability along with additional volume should result in higher earnings.

Dividends amounting to $162,010 were paid on the preferred shares and $1,114,327 to the holders of common shares. Two quarterly payments of 25¢ and two of 37 1/2¢ brought the total common share dividends distributed in 1964 to $1.25.

New property, plant and equipment required a total capital outlay of $6,876,000 in 1964. After disposal of surplus assets, the net increase after providing for depreciation amounted to $3,169,000. The completion of the new concrete products plant in Ville d'Anjou and the purchase of a concrete pipe plant in Scarborough accounted for a large portion of this expenditure. Total capital expenditures in 1965 are expected to reach $7,500,000. The major projects are noted in the operating review which follows this report.

Concurrently with a number of changes in organization the following appointments have been made. Mr. Sidney Hogg, a Vice-President and Director of the company, was elected to the Executive Committee of the Board of Directors. Mr. I. C. Ferrier was appointed Corporate Controller. Appointments with effect from March 1, 1965 are: Mr. R. K. Carty, Executive Vice-President, Finance; Mr. R. J. Bailie, Executive Vice-President, Operations; Mr. P. M. Draper, Vice-President, Administration and Secretary; Mr. W. D. Moncur, Treasurer; Mr. F. E. Miller, Vice-President, Development; and Mr. K. C. Hague, General Manager, Tamper Division.

Realignment of steel fabricating operations was carried out with the objective of improving service to regional markets. Eastern Structural Division comprises the plants at Dartmouth, Ottawa, and Toronto. A new division, Prairie Structural, under the direction of Mr. C. W. Carry, groups the activities of the Winnipeg, Calgary and Edmonton districts. Mr. I. L. Hamilton was appointed General Manager of Western Bridge Division, Vancouver.

The resignation of Mr. D. I. McLeod, who has been a member of the Board of Directors since 1950, was accepted with regret as his valued counsel will be greatly missed. He has made an outstanding contribution to the conduct of the affairs of the company, Mr. J. S. Dinnick, President, McLeod, Young, Weir & Company Limited, was elected a director in November 1964.

The members of the Board of Directors and Management record their appreciation of the efforts and co-operation of all employees for the results achieved in 1964.

On behalf of the Board,

H. J. Lang

President

Montreal, Quebec
March 1, 1965

CONSOLIDATED BALANCE SHEET

ASSETS

As at December 31, 1964 (with comparative figures for 1963)

Canada Iron

	1964	1963
Current Assets		
Cash	680,383	641,883
Government guaranteed bonds—at cost (quoted market value 1964—$206,000, 1963—$199,000)	224,683	224,683
Accounts receivable, less provision for doubtful accounts	25,374,898	20,815,152
Inventories—at the lower of cost or net realizable value	19,862,189	17,093,894
Prepaid expenses	338,104	453,010
Total current assets	46,480,257	39,228,622
Investment in other Companies		
Shares—at cost	843,920	843,920
Fixed Assets		
Property, plant and equipment—at cost	51,561,257	47,954,898
Accumulated depreciation	29,154,967	28,717,816
	22,406,290	19,237,082
Unamortized Debenture Discount	236,620	262,078
	$69,967,087	$59,571,702

Signed on behalf of the Board

H. J. Lang
T. F. Rahilly } directors

February 12, 1965

AUDITORS' REPORT TO THE SHAREHOLDERS. *We have examined the consolidated balance sheet of Canada Iron Foundries, Limited and subsidiary companies as at December 31, 1964 and the consolidated statements of earnings, retained earnings, and source and application of funds for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.*

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statements of earnings, retained earnings, and source and application of funds, when read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the consolidated state of the affairs of the companies as at December 31, 1964 and the consolidated results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.
Chartered Accountants

CONSOLIDATED BALANCE SHEET

LIABILITIES

As at December 31, 1964 (with comparative figures for 1963)

Current Liabilities	1964	1963
Bank advances	11,037,604	8,677,882
Accounts payable and accrued expenses	14,380,304	10,337,893
Dividends payable	344,955	247,896
Income taxes	3,355,555	305,801
Funded debt maturing within one year	2,345,000	845,000
Total current liabilities	31,463,418	20,414,472
Deferred Income Taxes	2,425,000	2,550,000
Funded Debt—not maturing within one year (see schedule)	5,592,000	7,937,000
SHAREHOLDERS' EQUITY		
Preferred Shares		
Authorized— 100,000 preferred shares of $100 par value. Issued and fully paid—see Note 1— 38,120 $4^1/_4$% cumulative convertible redeemable preferred shares 1956 series	3,812,000	4,275,500
Common Shares		
Authorized— 2,000,000 common shares of $10 par value. Issued and fully paid—see Note 2— 811,874 common shares	8,118,740	8,098,740
Retained Earnings—see Note 1—	18,555,929	16,295,990
	30,486,669	28,670,230
	$69,967,087	$59,571,702

NOTES:

1. *During the year, preferred shares of a par value of $463,500 were redeemed. The retained earnings include an amount of $463,500 which has been set aside as required by the Companies Act equal to the par value of the preferred shares redeemed.*
2. *On January 14, 1964 the company reserved 20,000 common shares in respect of an option to purchase shares at $25 a share in instalments to 1974. During the year a total of 2,000 common shares were issued for cash under this option.*

CONSOLIDATED STATEMENT OF EARNINGS

For the year ended December 31, 1964 (with comparative figures for 1963)

	1964	1963
Sales	112,402,000	100,279,000
Costs and Expenses		
Cost of sales, selling and administrative expenses	101,495,535	93,610,161
Remuneration of executive officers	485,700	335,433
Directors' fees	20,250	19,000
Legal fees	62,450	62,943
Interest on funded debt	499,559	545,982
Amortization of debenture discount	25,458	25,458
Depreciation of property, plant and equipment	2,874,391	2,289,612
	105,463,343	96,888,589
	6,938,657	3,390,411
Other Income		
Income from investments	189,349	126,351
Profit on disposal of fixed assets	51,355	79,843
Profit on redemption of preferred shares	46,915	—
Premium on issue of common shares	30,000	—
	317,619	206,194
	7,256,276	3,596,605
Provision for Income Taxes	3,720,000	1,700,000
Net Earnings for the Year	$ 3,536,276	$ 1,896,605

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended December 31, 1964 (with comparative figures for 1963)

	1964	1963
Balance at Beginning of Year	16,295,990	15,390,968
Net earnings for the year	3,536,276	1,896,605
	19,832,266	17,287,573
Dividends—		
On 4¼% preferred shares	162,010	181,709
On common shares	1,114,327	809,874
	1,276,337	991,583
Balance at End of Year	$18,555,929	$16,295,990

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1964

Funds were provided from:		
Net earnings for the year		$ 3,536,276
Charges not requiring the outlay of funds:		
Depreciation	2,874,391	
Amortization of debenture discount	25,458	2,899,849
Par value of common shares issued during the year		20,000
		6,456,125
Funds were applied to:		
Fixed assets—additions less proceeds from disposals	6,043,599	
Funded debt maturing within one year	2,345,000	
Par value of preferred shares redeemed	463,500	
Dividends on preferred and common shares	1,276,337	
Decrease in deferred income taxes	125,000	10,253,436
Decrease in Working Capital		$ 3,797,311
Working Capital—December 31, 1963		18,814,150
Decrease in working capital for the year		3,797,311
Working Capital—December 31, 1964		$15,016,839

SCHEDULE OF FUNDED DEBT

As at December 31, 1964 (with comparative figures for 1963)

		1964	1963
$4^{3}/_{4}$% Sinking fund debentures, series "A", due December 15, 1965	3,500,000		
Sinking fund requirements— $400,000 on December 15, 1961 to 1964 Redeemed to date	1,600,000	1,900,000	2,300,000
$5^{3}/_{4}$% Sinking fund debentures, series "B", due April 15, 1969	1,652,000		
Sinking fund requirements— $ 70,000 on April 15, 1958 to 1965, $272,000 on April 15, 1966 to 1968 Redeemed to date	490,000	1,162,000	1,232,000
$6^{1}/_{4}$% Sinking fund debentures, series "C", due October 15, 1977	7,500,000		
Sinking fund requirements— $375,000 on October 15, 1958 to 1976 Redeemed to date	2,625,000	4,875,000	5,250,000
		$7,937,000	$8,782,000
Funded Debt			
Maturing within one year		2,345,000	845,000
Not maturing within one year		5,592,000	7,937,000
		$7,937,000	$8,782,000

STATISTICAL REVIEW

	1964	1963	1962	1961
Sales	*$112,402,000*	$100,279,000	$110,009,000	$100,801,000
Income Taxes	*$ 3,720,000*	$ 1,700,000	$ 1,690,000	$ 1,235,000
Net Earnings	*$ 3,536,276*	$ 1,896,605	$ 1,641,526	$ 2,152,187
Dividends on Preferred Shares	*$ 162,010*	$ 181,709	$ 181,709	$ 181,709
Dividends on Common Shares	*$ 1,114,327*	$ 809,874	$ 809,874	$ 809,874
Earnings per Common Share	*$4.15*	$2.11	$1.80	$2.43
Dividends per Common Share	*$1.25*	$1.00	$1.00	$1.00
Working Capital	*$ 15,016,839*	$ 18,814,150	$ 19,164,278	$ 17,561,688
Capital Expenditures	*$ 6,876,000*	$ 4,002,553	$ 2,338,648	$ 1,991,072
Depreciation	*$ 2,874,391*	$ 2,289,612	$ 2,585,837	$ 2,613,399
Bank Advances	*$ 11,037,604*	$ 8,677,882	$ 14,171,756	$ 12,448,649
Funded Debt	*$ 7,937,000*	$ 8,782,000	$ 9,627,000	$ 10,472,000
Number of Employees	*4,240*	4,210	4,725	4,670
Number of Common Shareholders	*4,404*	5,062	5,231	5,327
Common Shares Outstanding	*811,874*	809,874	809,874	809,874
Book Value per Common Share	*$32.89*	$30.11	$29.00	$28.20

1960	1959	1958	1957	1956	1955
$101,346,000	$105,712,000	$ 88,255,000	$ 85,277,000	$ 86,766,000	$ 67,487,000
$ 1,724,587	$ 1,790,140	$ 2,226,637	$ 2,302,475	$ 3,793,800	$ 2,187,000
$ 1,736,264	$ 463,635	$ 2,454,983	$ 2,484,188	$ 4,383,919	$ 2,593,554
$ 181,709	$ 187,108	$ 205,300	$ 207,236	$ 159,375	—
$ 911,108	$ 1,209,089	$ 1,136,603	$ 1,079,500	$ 1,056,994	$ 890,938
$1.92	$0.34	$2.84	$3.15	$5.94	$3.71
$1.12½	$1.50	$1.50	$1.50	$1.50	$1.27½
$ 17,583,989	$ 16,996,670	$ 21,156,927	$ 21,447,432	$ 19,805,794	$ 13,649,746
$ 1,417,626	$ 4,690,931	$ 2,284,317	$ 7,805,263	$ 2,886,627	$ 2,114,897
$ 2,266,468	$ 2,319,885	$ 2,288,494	$ 2,394,627	$ 1,512,018	$ 1,568,255
$ 14,017,666	$ 17,926,195	$ 17,542,857	$ 14,050,478	$ 8,598,558	$ 4,981,899
$ 12,266,500	$ 13,177,000	$ 14,092,000	$ 14,057,000	$ 7,382,692	$ 7,873,606
5,172	5,421	5,045	4,859	5,251	4,590
4,850	4,712	4,725	4,860	4,998	5,130
809,874	809,874	793,218	722,254	711,475	698,775
$26.76	$25.97	$26.91	$27.86	$26.23	$22.03

Finance: Depreciation charged to operations in 1964 was consistent with the practice of previous years and conformed to the method and rates prescribed by the income tax regulations. Accelerated depreciation was claimed for tax purposes wherever possible. Because of the increase in capital assets, the 1964 provision for depreciation of $2,874,000 exceeded the amount in 1963 by $584,000. This expressed in terms of cash flow was equivalent to $3.54 per common share.

Although inventories at $19,862,000 were up 16% over 1963, the turn-over rate of 5.6 in relation to annual sales was maintained. Receivables at year end increased by $4,560,000 reflecting the heavy sales volume in the latter part of 1964. Adequate reserves for obsolescence and doubtful accounts have been provided against both of these assets.

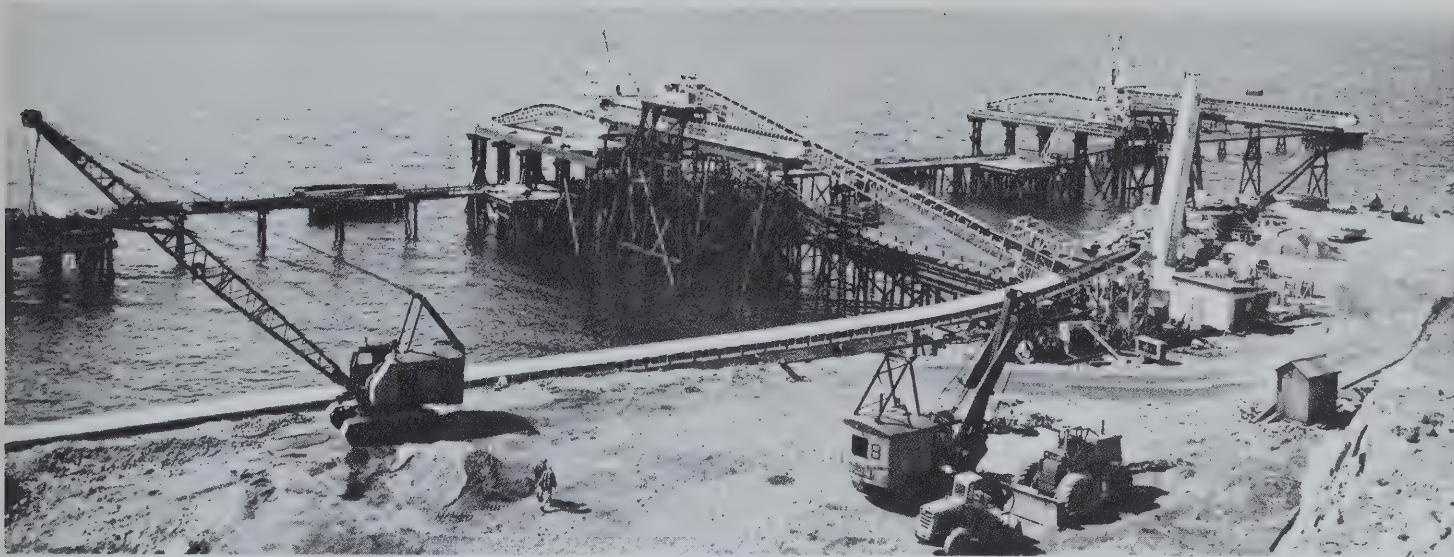
The higher volume of sales and large capital expenditures created a need for funds in excess of provision for depreciation and retained earnings. As a result, bank advances were up $2,360,000 by the year end. However, the retirement of $845,000 of funded debt during the year meant that total indebtedness increased only $1,515,000.

Higher dividends, resulting from improved earnings, were received from associated companies. Income from this source was $182,938 compared with $113,338 in 1963.

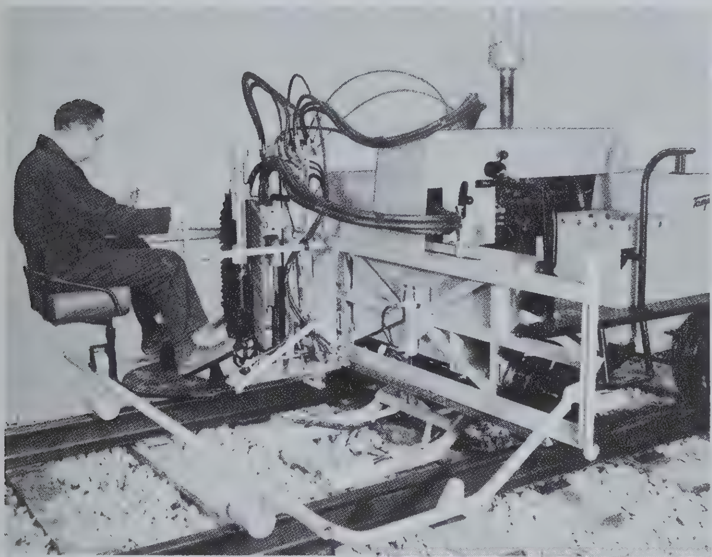
The common shareholders' equity at December 31, 1964 increased $2,280,000 establishing a book value of $32.89 per common share.

A total of 4,635 preferred shares were purchased on the market at favourable prices during the year. This was in excess of the annual redemption requirement.

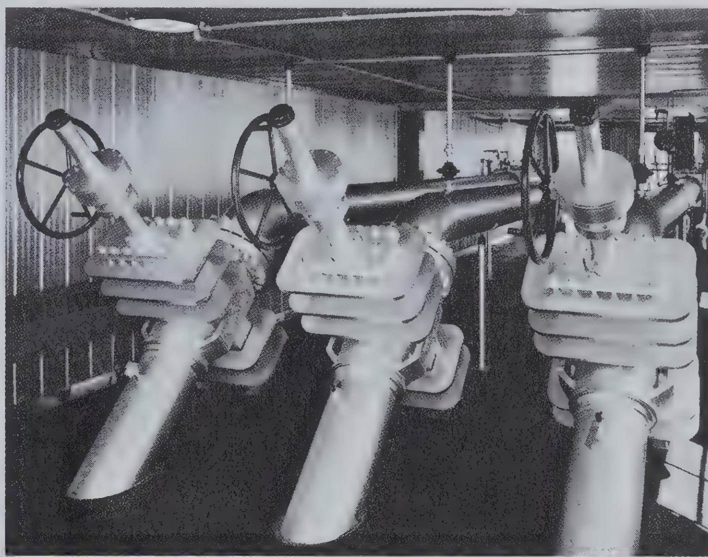
Iron and Concrete Pipe: The combined sales of pressure water pipe exceeded that of any previous twelve-month period, reflecting the progressively greater need for water transmission and distribution systems. Successful introduction of ductile iron and prestressed concrete pipe has given added impetus to sales and the superior performance of these types of pipe is receiving constantly wider recognition.



Complete ship loading conveyor system fabricated and installed by Canada Iron for Texada Mines, Limited at Texada Island, B.C.



A new addition to the Company's line of railway track maintenance equipment, the Hydraulic Spike Driver, operated by one man, drives standard spikes in hardwood rail ties at previously unattainable speeds.



"Grove" Gate Valves installed in an Alberta Gas trunk line station. These valves, ranging from 6" to 36" pipe size, are now manufactured at the Trois-Rivières plant for the oil and gas industry.

Operating results of the new concrete water pipe plant at Ville d'Anjou, which came into production in mid-year, have been highly satisfactory and are expected to be a major contributor to future earnings. Additional production capacity to satisfy anticipated demand will be installed at the Rexdale plant in 1965.

A substantial expenditure for the modernization of both production and research facilities at the Trois Rivières plant is planned for 1965. This plant and the Toronto plant, which was extensively renovated only a few years ago, give the company excellent capabilities to supply Canadian requirements for high quality grey iron and ductile iron pipe.

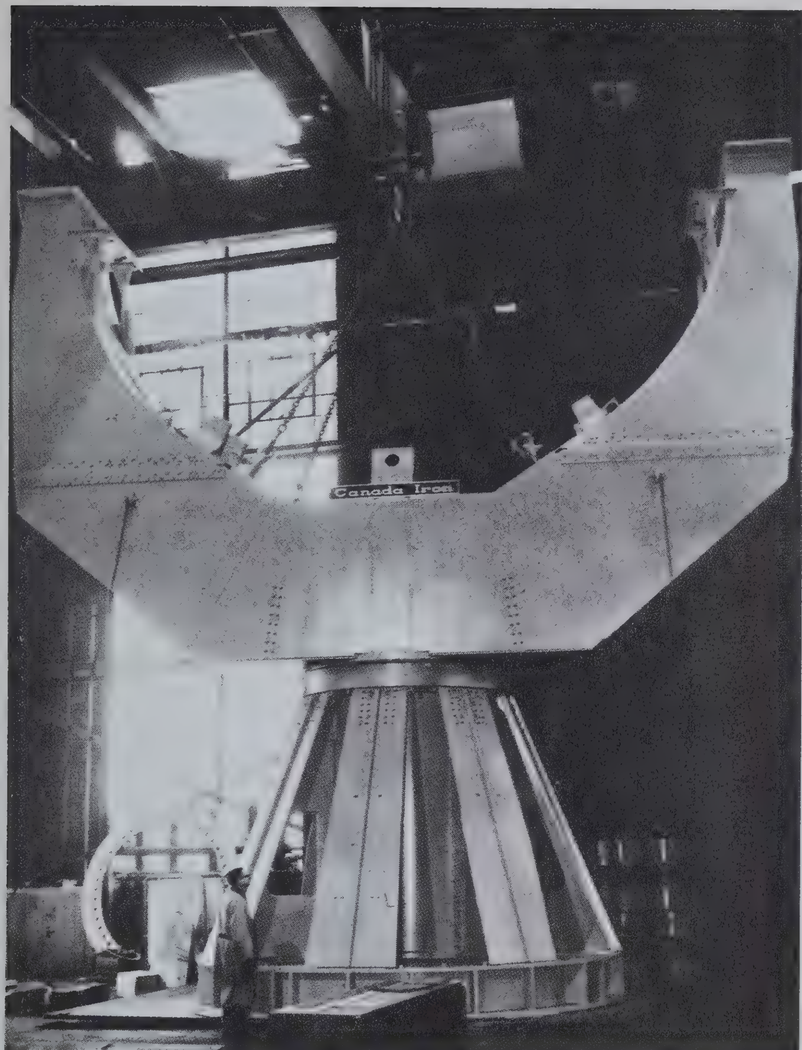
Additional market coverage for concrete sewer pipe was attained by the acquisition of an established plant at Scarborough early in the year. To date operations and sales have been encouraging. Operations at the new Ville d'Anjou sewer pipe plant are at a satisfactory level with excellent prospects for increased volume in both pipe for sewer systems and conduit for public utility applications.

Steel and Concrete Structural Products: The structural steel industry continued to be adversely affected by over-capacity and severe price fluctuations although in some areas to a lesser extent than in the preceding year. To offset this problem, considerable development work has been done by the company to utilize steel fabricating facilities for other applications in addition to bridge and building construction.

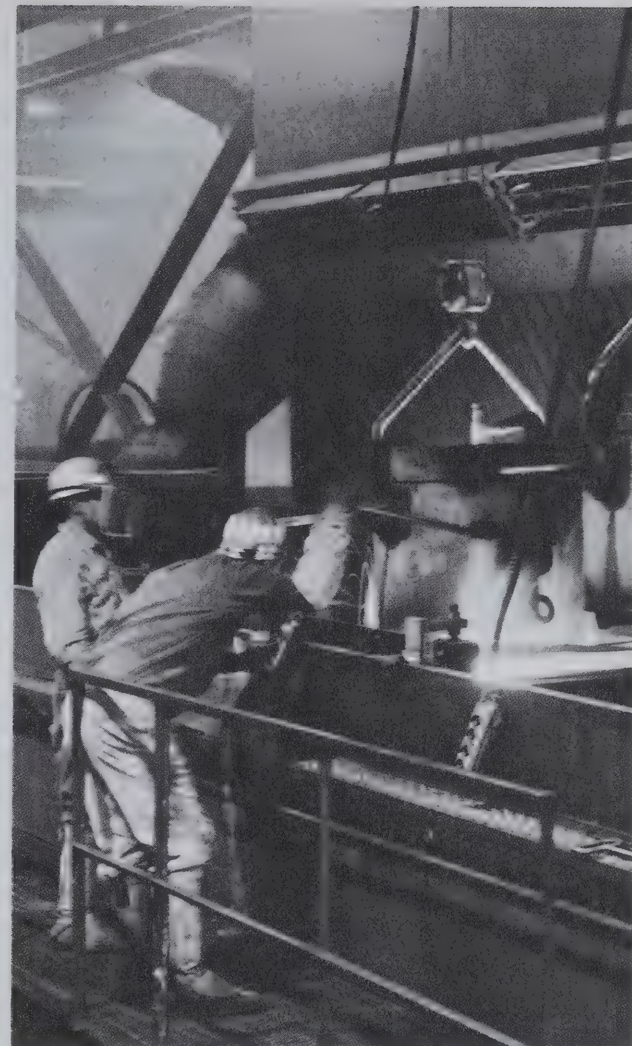
The new concrete block plant at Ville d'Anjou, which contains the most modern equipment, is benefiting from the current high level of construction activity in the Montreal area.

Many large projects, such as EXPO '67 in Montreal, multi-storey office buildings in Quebec and Ontario, development of the Athabascan tar sands and potash mines in the Prairies, and the power projects in British Columbia, will place heavy demands on the structural steel industry. It is anticipated that the company will obtain its share of such work.

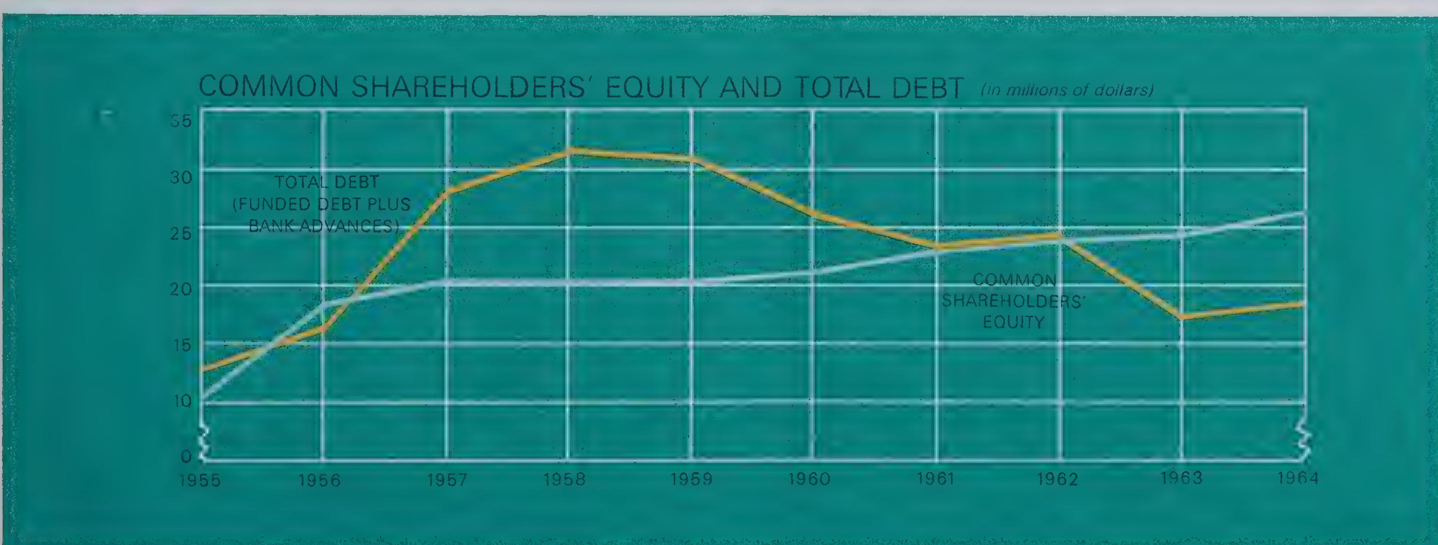
Machinery: Accelerated expansion programmes for industry will continue to create a great need for the kind of machinery and equipment that is within the production capabilities of the company. After a high level of shipments from the Trois Rivières plant in 1964, a large backlog of orders still remained at year-end. Engineer-



Two of the components for the 85-foot diameter tracking antenna manufactured by Canada Iron for Canada's first satellite tracking station.



Continuous pouring operations at the new automated moulding line in the St. Thomas plant.



ing studies are proceeding for additional facilities required to meet the anticipated growth in this sphere of the company's activities.

During the year a "first" was achieved through the supply, to one of the major basic steel producers, of a pickling line which is capable of handling steel strip up to 100" wide. Another notable accomplishment was the fabrication of Canada's first antenna and pedestal for a transatlantic satellite communications system.

Railway Equipment: The company enjoys a leading position in a growing world-wide market for track maintenance equipment, and production reached a new peak during the year. As a result of the continuous development and patenting of new types and related component parts, 101 railways in 10 different countries are now using equipment of the company's own design.

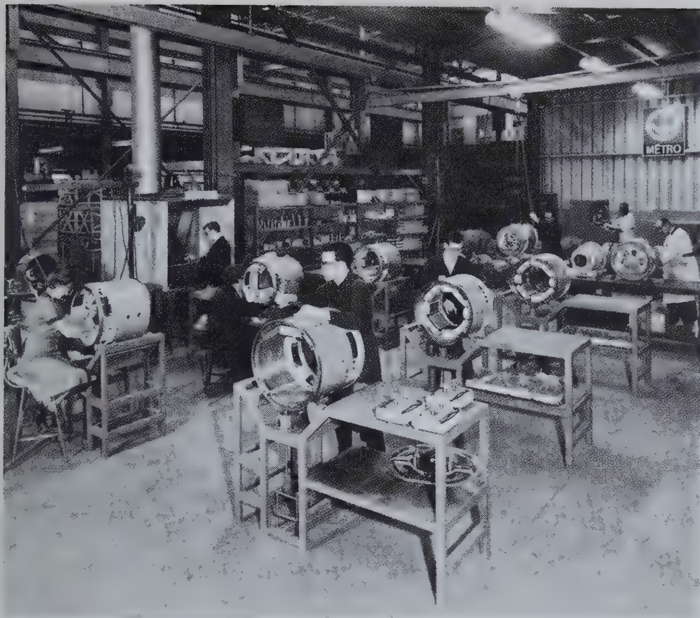
One of the latest inventions, the "Autoliner", for use with the Autojack Electromatic Production Tamper, has been satisfactorily demonstrated on Canadian and U.S. railroads. A considerable number of these units is scheduled for delivery in 1965.

Another unique device, the high frequency hydraulic Spike Driver, drives standard rail spikes into undrilled hardwood ties at previously unattainable speed.

Rotating Electrical Equipment: Record quantities of "Tamper" equipment were supplied to the pulp and paper, petro-chemical, mining, and steel industries. An important forward step was the design and manufacture of a large sectional paper machine drive. Prototypes of the electrical traction systems for the Montreal subway were successfully tested. Deliveries under this $8,000,000 contract will commence in 1965 and be completed during 1966.

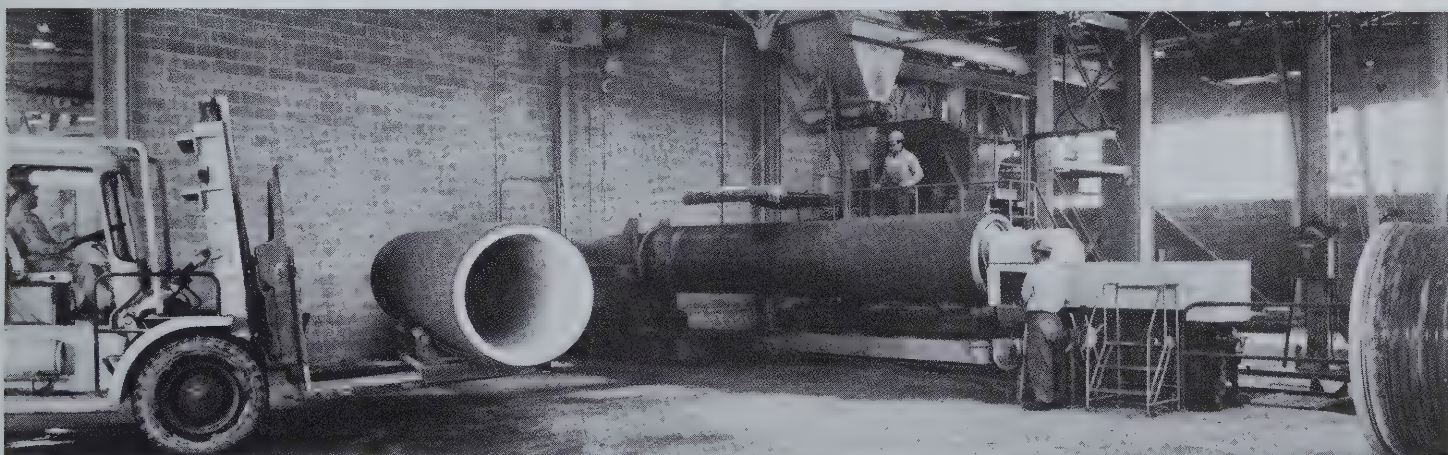
Substantial expenditures begun during the year for additional space and a major retooling programme at the Lachine plant will continue in 1965. These new facilities are being provided to improve the company's strong position in the rapidly changing electrical equipment industry.

Foundry Products: The demand for ingot moulds and stools was above the level of last year and continues to parallel the growth of the Canadian steel industry. The Ingot Mould Plant will be expanded during 1965 with a further sizeable addition planned for 1966.

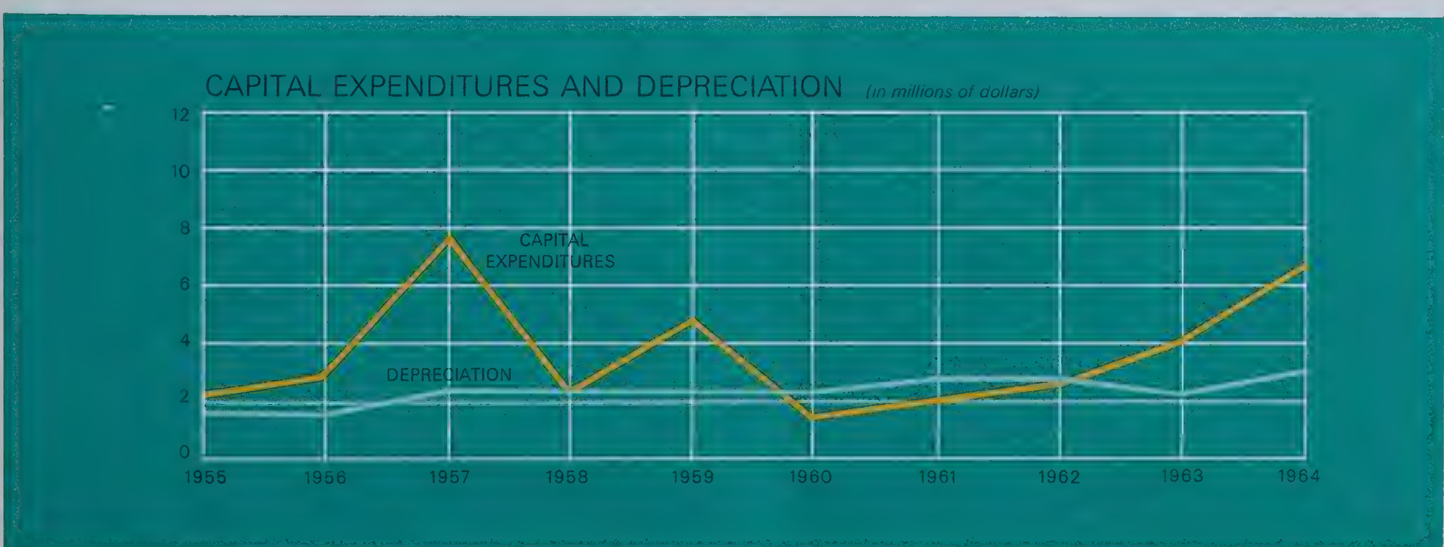


Traction motors being assembled in Lachine plant.
Over 1,000 are required for the Montreal Metro Subway project.

Railway & Power supplied many of the vital aircraft instruments and components for the de Havilland DHC-4 "Caribou".



At the new concrete products plant in Ville d'Anjou, Quebec, a lined and wrapped core is coated with concrete—a final stage in the manufacture of Hyprescon prestressed water pipe.



A strong position in the area of production castings was ensured with the installation of a new high pressure moulding unit at the St. Thomas plant. Production economies, together with the anticipated steady growth in demand for these products, will yield substantially improved earnings.

A firmly established reputation as a manufacturer of high quality cast iron tunnel liners has been further enhanced. During the year, 6,000 tons were shipped to the Toronto subway and 3,000 tons to the City of New York. A second order of 4,500 tons for New York City will be delivered in 1965 bringing the total output to over 50,000 tons in the last four years.

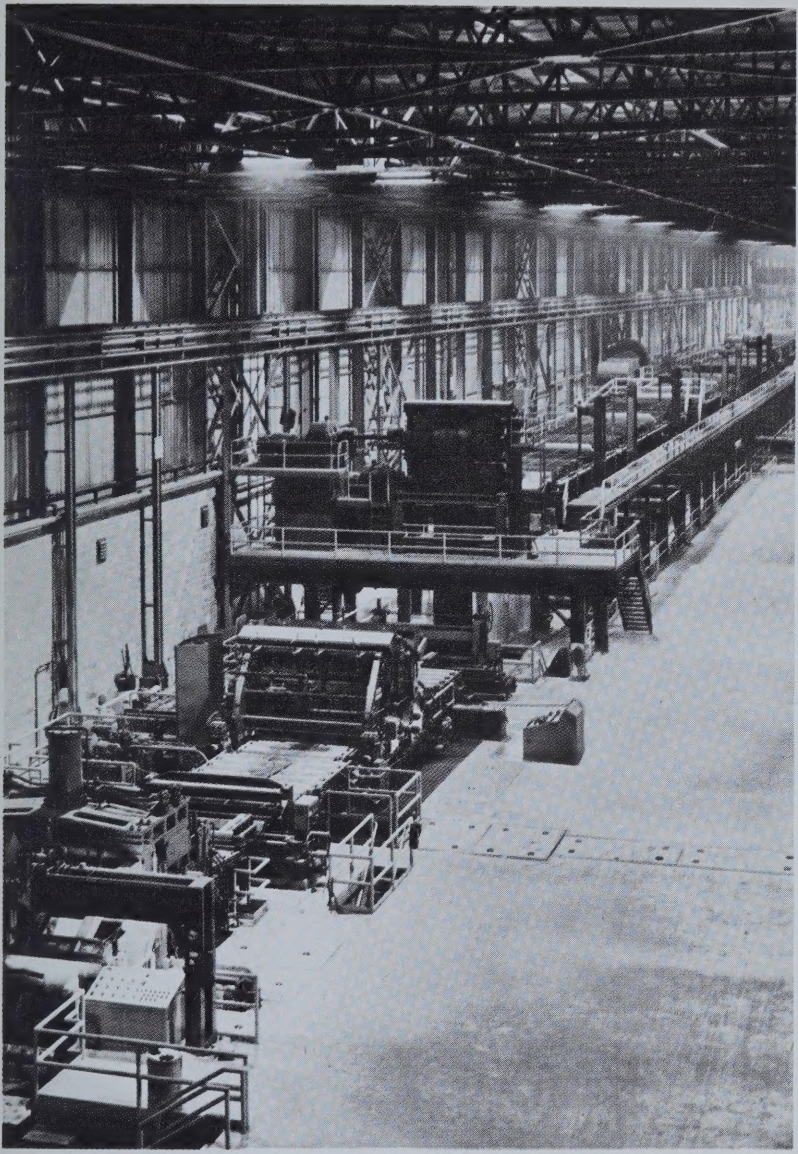
The production area of the Alloy Foundry was doubled in 1964. The company is well established as a major producer of wear-resistant and special alloyed castings. Sales increased more than 20% over 1963 and comparable growth is expected in 1965.

Agency and Warehouse Sales: Marketing a wide variety of industrial and aerospace products, the company's sales agency division, Railway & Power Engineering Corporation, Limited, accounted for a sizeable increase in volume over 1963. Of note was the substantial increase in sales of specialty equipment for the railroads and a heavy demand for a wide range of components for hydraulic and pneumatic systems. Warehouse activity was strong, lending emphasis to the requirement for this type of service in times of high industrial activity.

Personnel: During the year there was marked activity in two major fields of personnel management—collective bargaining and employee welfare plans.

Contract negotiations with unions representing company employees, although protracted in some instances, proceeded to mutually acceptable settlements. All matters requiring settlement in accordance with the terms of collective agreements were resolved without resort to third party assistance.

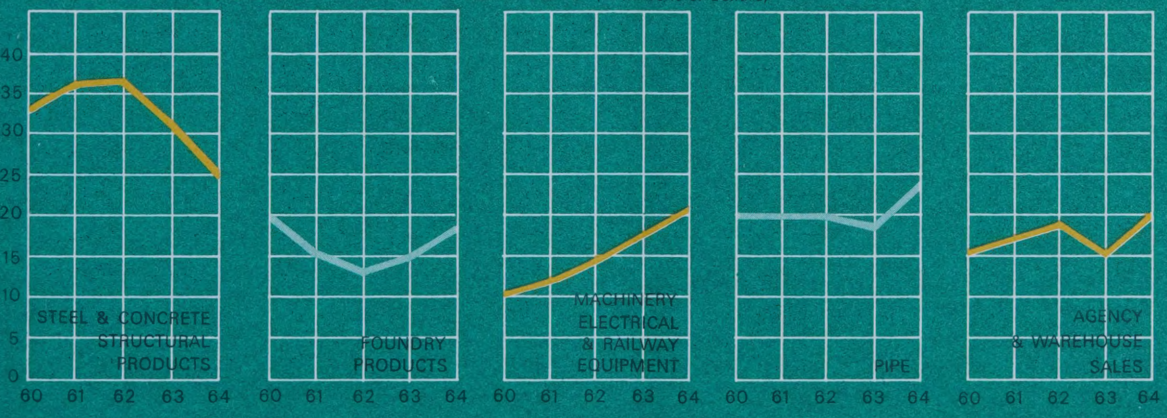
A uniform retirement plan became effective at all locations replacing the various plans that existed when a number of the operations were managed as subsidiary companies. The plan conforms with the pension legislation of the Province of Ontario. Problems which might arise, should pension legislation be enacted by other Provinces, or should integration with a Federal plan be required, are being closely studied.



The world's heaviest and widest "Pickle Line", manufactured by Canada Iron in collaboration with the Blaw-Knox Company, for a large Canadian steel producer.

Construction of Beloeil Bridge over the Richelieu River—part of the Trans-Canada Highway System—structural steel fabricated and erected by Canada Iron.

SALES BY PRODUCT CLASSIFICATION *(in millions of dollars)*



CANADA IRON PRODUCTS

ELECTRICAL EQUIPMENT

Electric Motors, A.C. & D.C.
Generators, A.C. & D.C.
Motor-Generator Sets, A.C. & D.C.
Variable Speed Drives
- A.C. & D.C.
- Mechanical
- Variable Frequency Control
- Torque Motor Control
- Packaged Power Supplies

PIPE & RELATED PRODUCTS

Gray Iron Pipe
Ductile Iron Pipe
Concrete Pressure Pipe
Sewer and Culvert Pipe
Fittings
Municipal Castings
Hydrants
Sluice Gates
'Walworth' Plug Valves
'Grove' Ball and Gate Valves

FOUNDRY PRODUCTS

Ingot Moulds
Brake Shoes
Industrial Wheels
Tunnel Liners
Gray Iron Castings
Alloy Iron Castings
- Ductile Iron
- Domite CM
- Ni-Resist
- Ductile Ni-Resist
- Ni-Hard
- High Chrome Alloy

MACHINERY

Custom Machinery
'Pacific' Hydraulic Press Brakes
'Pacific' Hydraulic Shears
'Minster' Mechanical Presses
Steel Mill Machinery
Pulp and Paper Mill Machinery
Rubber and Plastics Machinery
'Farrel' Speed Reducers and Increasers

STEEL & CONCRETE STRUCTURAL PRODUCTS

Structural Steel for Buildings and Bridges *(fabrication & erection)*
Concrete Blocks and Bricks *(Autoclave)*
Steel Joists
Reinforcing Steel
Warehouse Steel
Towers
Hydraulic and Control Gates
Bulk Loading Terminals
Conveyor Systems
Scatter Antennae
Tanks and Plate Work

RAILWAY TRACK MAINTENANCE EQUIPMENT

Fully Automatic Ballast Tampers
Power Tamping Jacks
Track Liners
Spike Pullers and Drivers
Cross-tie Renewers
Rail Bolters, Drills and Lubricators

SALES AGENCY PRODUCTS

Electrical Motor Control Apparatus
Instrumentation and Electronic Products
Pumps
Stainless Steels
Rail, Bus, Truck and Aviation Products
Hydraulic and Pneumatic Products
Materials Handling Equipment

Plants: Dartmouth, N.S.; Trois-Rivières, Ville d'Anjou, Lachine, Que.; Ottawa, Toronto (5), Hamilton (2), St. Thomas, Ont.; Winnipeg, Man.; Edmonton, Calgary, Alta.; Vancouver, B.C.

REGISTRAR, THE ROYAL TRUST COMPANY,
Montreal, Toronto, Halifax, Winnipeg, Vancouver.

TRANSFER AGENT, MONTREAL TRUST COMPANY,
Montreal, Toronto, Halifax, Winnipeg, Vancouver.